

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Number: **202015031**

Release Date: 4/10/2020

Employer Identification Number:

Contact person - ID number:

Date: January 14, 2020

Contact telephone number:

LEGEND:

B = fellowship
C = religion
D = country
T = organization
u dollars = amount
v dollars = amount
w = number
x dollars = amount
y dollars = amount
z = number

UIL:

4945.04-04

Dear :

You asked for advance approval of your educational grant procedures under Internal Revenue Code Section 4945(g)(3). This approval is required because you are a private foundation that is exempt from federal income tax.

Our determination

We approved your procedures for awarding educational grants. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding educational grants meet the requirements of Code Section 4945(g)(3). As a result, expenditures you make under these procedures won't be taxable.

Description of your request

You will continue to operate an educational grant program called B, with the goal of strengthening the quality of C leadership in the United States by encouraging potential C leaders to become more knowledgeable about their C heritage and about the religious, cultural, and social aspects of D. You have made changes to B contemplating more focused leadership training to enhance these existing objectives.

You expect to continue awarding approximately z fellowships each year. Fellowships are designed to assist each grantee in traveling to and spending 9-12 months in D , where he or she will undertake an individualized program that you have approved in advance. Such a program may incorporate C studies at a recognized education institution, an internship in a field of the grantee's choice, study with private tutors, cultural education through immersion with certain populations within D , or other courses of independent work and/or study. The amounts awarded under B will comprise (a) a living stipend (currently in the amount of approximately y dollars but subject to increase to reflect rising costs in the future) that is intended to cover living expenses, including round-trip travel from the United States to D , health insurance, therapy undertaken for personal development and leadership training, and room and board; and (b) a learning stipend (currently in the amount of approximately x dollars but subject to increase to reflect rising costs in the future) that is intended to cover expenses relating to the grantee's personal learning program, such as tuition, materials, and travel within D .

You will also make up to w grants per year to certain individuals who have previously completed a B . Fellowship alumni may apply for such grants to pursue ongoing leadership training and/or independent initiatives in furtherance of your objectives. The amounts granted to each alumni will be limited to (a) v dollars (subject to increase to reflect rising costs in the future) to attend a specific conference, class, or other program, or (b) u dollars (subject to increase to reflect rising costs in the future) to pursue a specific initiative or project, such as launching a new community service program or conducting research to complete a book. In addition, you will retain executive coaches to work directly with certain fellows or pay the fees of T to provide training.

Candidates for B must be C citizens or permanent residents of the United States between 22 and 29 years of age at the time of application. Information about B will be made available through your website. B will also be publicized through online advertisements and print advertisements in C publications. Candidates must be individuals who have successfully completed a program under B .

Each candidate for a B will be required to submit a formal written application providing information about the candidate, including education, extra-curricular activities, work experience, travel, languages, etc., as well as a proposal for the year's program, a personal essay, and the names of three personal references. A selection committee will review applications, contact the candidates' references, consider feedback from personal interviews of the candidates and make the final selections based on each candidate's academic background, personal characteristics, experience, recommendations by his or her references, and commitment to community service. A supervisory committee consisting of members of your Board of Directors will oversee the selection process.

The committee will consist of one or two your representatives with extensive experience in C educational, cultural, and communal activities in the United States and in D . No member of the family of, or associate of, a member of you will be eligible for a fellowship while that member serves you or for at least three years after his or her service ends; no member of the family of, or associate of, any other person who is a director of, or donor

to you will be eligible either. Individuals who conduct candidate interviews will receive modest honoraria and reimbursement of their expenses.

Each recipient of a B will be required to sign an agreement with you obligating the grantee (a) to follow the program submitted by him or her, or as modified by agreement with you; (b) periodically to review with a designated representative of you his or her progress in implementing the program (including, for those grantees undertaking coursework an educational institution, a verified report of courses taken and grades received) and the manner in which the funds granted have been used; (c) to submit to you at the conclusion of his or her program (which, in each case, lasts one year or less) a written report describing the manner in which the program was implemented and its effect on the grantee, together with a report of expenditures; and (d) to refund to you an appropriate portion of the funds that he or she received should it be determined that he or she failed to a significant degree to follow the agreed program. Each grantee, at the conclusion of his or her conference, initiative or training, shall submit to you a written report describing the way the program was implemented and its effect on the grantee, together with a report of expenditures (if applicable).

Failure of a grantee to submit the required reports or to follow the agreed program will result in an investigation by you to determine whether any part of the funds granted have not been used substantially in furtherance of the agreed program. If so, you will take reasonable and appropriate steps to recover any such funds and will withhold any further payments to the grantee.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code Section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code Section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is:
 - A scholarship or fellowship subject to Section 117(a) and is to be used for study at an educational organization described in Section 170(b)(1)(A)(ii); or
 - A prize or award subject to the provisions of Section 74(b), if the recipient of the prize or award is selected from the general public; or
 - To achieve a specific objective; produce a report or similar product; or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar skill or talent of the recipient.

To receive approval of its educational grant procedures, Treasury Regulations Section 53.4945-4(c)(1) requires that a private foundation show:

- The grant procedure includes an objective and nondiscriminatory selection process.
- The grant procedure results in the recipients performing the activities the grants were intended to finance.
- The foundation plans to obtain reports to determine whether the recipients have performed the activities that the grants were intended to finance.

Other conditions that apply to this determination

- This determination covers only the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes in your program to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201

- You cannot make grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and must further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code Section 170(c)(2)(B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

We've sent a copy of this letter to your representative as indicated in your power of attorney. Please keep a copy of this letter in your records.

If you have any questions, please contact the person listed at the top of this letter.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements